

Message Text

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PAGE 01 STATE 090502
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INFO OCT-01 EUR-12 ISO-00 EB-08 OES-07 DOE-15 SOE-02
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DRAFTED BY COM/BEWT/TDAD/DDSTEIN
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FM SECSTATE WASHDC
TO AMEMBASSY MOSCOW
INFO AMCONSUL LENINGRAD

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E.O. 11652: N/A

TAGS: ENRG, BEXP, UR

SUBJECT: STRUTHERS WELLS CONTRACT

REF: (A) MOSCOW 06201 (B) MOSCOW 05845

1. FARANITIS OF STRUTHERS WELLS CONFIRMED TO BEWT/TDAD MARCH 23 SIGNING OF SUBJECT CONTRACT. CONTRACT, VALUED AT 28.8 MILLION DOLLARS, IS FOR EQUIPMENT FOR RECOVERY OF VISCOUS OIL BY USE OF STEAM INJECTION. PROJECT IS FOR WELLS LOCATED ON EAST SHORE OF CASPIAN, WHICH EXPLAINS NEED FOR DESALINIZATION EQUIPMENT TO PURIFY WATER. THIS WAS DESCRIBED BY FARANITIS AS A "PILOT PROJECT", WHICH WILL RESULT IN 25-30,000 BARRELS/DAY OF INCREASED PRODUCTION. IF SUCCESSFUL, IT COULD LEAD TO CONSIDERABLY LARGER FUTURE CONTRACTS.

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2. ON CONTRACT TERMS, FARANITIS SAID THERE WERE NO MAJOR PROBLEMS. MASHINOIMPORT INSURANCE CLAUSE (SEE REFTL (B)) WAS ACCEPTED, WITH COMPANY PLANNING TO "DOUBLE INSURE" AND WITH .075 PERCENT PREMIUM ADDED INTO PRICE. CONTRACT WILL BE FINANCED BY SERIES OF MASHINOIMPORT PROMISSORY NOTES CARRYING INTEREST RATE OF 7.5 PERCENT. MAJOR HANG-

UP WAS AND CONTINUES TO BE LANGUAGE OF VNESHTORGBANK
GUARANTEE, WHICH VNESHTORGBANK WANTS TO BE MADE CONTINGENT

ON SELLER'S CONTRACT PERFORMANCE. FARANITIS EXPECTS
THIS ISSUE TO BE WORKED OUT SOON. ON FORCE MAJEURE,
MASHINOIMPORT GAVE STRUTHERS WELLS A SEPARATE LETTER
STATING THAT DELIVERY DELAYS CAUSED BY "NATIONAL STRIKES"
WILL NOT BE PENALIZED.

3. COMPANY PLANS TO HAVE PERSONNEL ON-SITE SUPERVISING
INSTALLATION AND START-UP OF EQUIPMENT. BEWT/TDAD IS
SENDING FARANITIS COPY OF DRAFT ON-SITE PERSONNEL STUDY.
FYI: FARANITIS HAD HIGH PRAISE FOR USCO SERVICES AND
SAID HE HAD ALREADY WRITTEN SECRETARY KREPS TO EXPRESS
HIS FEELINGS IN THAT REGARD. VANCE

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Message Attributes

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Draft Date: 08 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Drafter: BEWT/TDAD/DDSTEIN
Enclosure: n/a
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Litigation Codes:
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